

TERTIARY EDUCATION STRATEGY



2014–2019

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MINISTER'S FOREWORD

Tertiary education helps people improve their lives, and the lives of those around them. It is a passport to success for individuals in our society, and supports wider economic growth and prosperity. Skilled people are essential to the success of businesses and other organisations.

I am pleased to release the new Tertiary Education Strategy, which revokes and replaces the previous Tertiary Education Strategy 2010–15. This strategy has been designed to guide tertiary education and its users (learners and businesses) towards a more prominent contribution to a more productive and competitive New Zealand.

There were substantial gains over the course of the previous Tertiary Education Strategy. Some of the highlights were strengthening the focus of the whole system on achievement and results for students, using the Youth Guarantee to engage more 15-19 year olds in education, strengthening the industry training system (including with new Māori and Pasifika trades training programmes), strengthening support for science and engineering provision, and continuing to support quality research.

The new Tertiary Education Strategy 2014-19 has been developed to build on this progress and contribute to the Government's focus on improving New Zealand's economic outcomes. The "Building Skilled and Safe Workplaces" programme of the Government's Business Growth Agenda aims to materially lift New Zealand's long-run productivity growth rate while maintaining our high rate of labour force participation. This requires tertiary

education to better equip individuals with the skills and qualifications needed to participate effectively in the labour market and in an innovative and successful New Zealand.

The new strategy also reflects our wider expectations for tertiary education, and how a high-performing tertiary education system can contribute to improved outcomes for individuals and society as a whole. Over recent years we have substantially lifted the quality of New Zealand's tertiary education. We need to continue to raise our game and further develop our internationally competitive and respected tertiary sector.

This is not just about existing organisations and the way the system works now. We need to think more about how we can deliver the results we will need in the future. This means thinking about our existing modes and means of delivery – including new and emerging technologies – and identifying opportunities as they arise. It also means taking advantage of relationships across organisations and between the tertiary and business sectors, to maximise the returns achieved from tertiary education.

The new strategy signals a shift toward a more outward facing New Zealand tertiary education system, with strong links to industry, community and the global economy. I am confident that this direction will serve us well.

Steven Joyce
Minister for Tertiary Education, Skills and Employment



INTRODUCTION

Tertiary education offers a passport to success in modern life. It helps people improve their lives and the lives of those around them. It provides the specific tools for a career, and is the engine of knowledge creation.

Skilled, knowledgeable individuals are essential to the success of businesses and other organisations. Access to skilled workers allows businesses to increase the value of their products and services and to pay higher wages. In turn, people are better off, healthier and happier, and New Zealand is a more attractive place to live and work.

For most young people, achieving a tertiary qualification is a crucial milestone towards a successful working career. Whether they study at a university, polytechnic, wānanga, private training establishment, or through an apprenticeship, a qualification gives them a concrete record of knowledge learned and skills gained that they can use to move up the employment ladder.

Tertiary education encompasses all post-school learning. It includes higher education, applied and vocational training, and training in foundation skills where these have not been obtained during schooling. It includes structured learning in a range of settings, including workplaces, universities, and polytechnics.

How people approach learning – including goals, pathways and providers – can vary substantially over time as technology and the needs of society and the economy change. The challenge for the tertiary education system is to cater for these changing needs while providing clear guidance to learners on how they can reach their goals by the most direct route possible.



THE INTERNATIONAL CONTEXT FOR THIS STRATEGY

Higher education is growing rapidly across the world as governments look for ways to speed their nations' recovery from the global financial crisis.

Developing countries across Asia, Latin America, and the Middle East are investing heavily to increase their numbers of graduates. Meanwhile, in the western world many countries are grappling with high levels of public debt following the global financial crisis. A significant number of those countries are relying on more private investment in tertiary education, in the face of declining public investment. Over the next century, we will see growth in competition across the world for higher-skilled jobs similar to the increased competition for lower-skilled jobs between the developed and developing world over the last 30 years.

This competition, and the changing nature of work, means that our students and young people need to be better prepared than ever. New Zealand graduates of all levels are sought-after for their knowledge, their capacity for creativity and critical thought, and their work ethic. We need to retain and sharpen these attributes, while continuing to lift the relevance of their skills for the modern world.

The massive investment in new universities and technical institutes across the developing world is significantly raising the international demand

for academic teaching and research talent.

New Zealand tertiary education organisations (TEOs) need to further lift their efficiency and competitiveness to maintain and enhance their position in that race for talent.

Meanwhile, cross-border education is increasing worldwide. The economic growth of many countries since the mid-1990s has driven a rapid increase in the international mobility of students, and this trend is projected to continue for decades. New Zealand takes under two per cent of this market and generates about NZ\$2.5 billion in economic value through export education. Competition for international students is strengthening, with more nations also pursuing the revenue and other benefits – for example, research collaboration, trade opportunities, skilled migrants, and diplomatic advantage – provided by international education.

While patterns of competition, demand, and work continue to change rapidly, geographical barriers to learning are reducing as a result of advances enabled by digital technologies. For example, super-fast broadband is supporting new modes of internet-based provision and a broader trend toward more flexible, less place-based provision. These technology-driven changes will require New Zealand's tertiary education sector to advance its thinking quickly on new delivery models.

THE STATE OF TERTIARY EDUCATION IN NEW ZEALAND

One of the great strengths of the New Zealand education system is its flexibility and seamlessness. The single learner record and the New Zealand Qualifications Framework provide a common language for recording learners' progress through schools and TEOs. This model ensures achievement is retained and built on as learners progress.

On an international level, New Zealand's tertiary education system is doing well.

- We have high levels of participation in education: 81% of 15-19 year olds, 29% of 20-29 year olds, 11% of 30-39 year olds, and 4% of those aged 40 and over were participating in education (including school) in 2011. These rates are above the OECD average for all age levels except 15-19 year olds.
- We have high levels of attainment: approximately 50% of New Zealanders aged 15 and over have a tertiary qualification, and 17% have a bachelors degree or higher. In 2011, 46% of the population between the ages of 25 and 34 held a qualification at diploma level or above, compared to the OECD average of 39%.

Over its term to date, the Government has worked to improve the performance and value for money of the tertiary education system. In tough economic times, it has:

- reduced spending in low value areas, such as student loans for people who consistently fail courses
- improved the way the system targets need, for example, by giving providers stronger incentives to deliver education in high need areas like priority engineering courses and more closely targeting foundation-level study to those who need it.

At the same time, the Government has made significant investments in tertiary education, with a focus on improving the achievement of young people and participation in higher level study.

It has set clear priority targets under the *Better Public Services* agenda, and increased information to support study choices. It has improved options for transition from school through the Youth Guarantee, and developed new Vocational Pathways with industry to support students to move through school and into further study or employment. It has also invested in a new Crown entity – Education New Zealand – to promote New Zealand education to overseas markets.

The Government is starting to see encouraging results from its focus on improving the performance and value for money of tertiary education.

- The tertiary education system is delivering more graduates than ever before, and at higher levels – in 2012 a total of 162,000 qualifications were completed, and the number of domestic students completing a bachelors degree was the highest ever at 25,400, up 4,790 (23%) since 2010.
- More young people are moving from school to degree level study (from 13,600 in 2007 to 16,500 in 2012, including more Māori and Pasifika).
- More young people have completed qualifications at level 4 or above (an increase from 40% of 25 year olds in 2007 to 46% in 2012).
- More people are studying at higher levels (the share of total equivalent full-time students studying at bachelors level increased from 50% in 2007 to 56% in 2012).
- More Māori and Pasifika are participating in higher-level study (participation of 18-19 year olds in bachelors degree study has increased from 11% for Māori and 13% for Pasifika in 2009, to 13% for Māori and 16% for Pasifika in 2012).
- The downward trend of international students since 2003 has been arrested.

WHAT NEW ZEALAND NEEDS FROM TERTIARY EDUCATION

The Government's focus on improving the way the tertiary education system operates as part of the broader education system has seen significant improvements in performance, alongside a rise in full time equivalent student numbers from 236,000 in 2008 to 247,000 in 2012.

However, international expansion of tertiary education, meeting the needs of a growing economy, and new technologies will require the future tertiary education system to be more outward-facing and engaged. This means having strong links to industry, community, schools, and the global economy.

Our next steps must lead the tertiary education

system to become more flexible and strategic, by:

- ensuring that the tertiary education system performs well, not just as its own system, but also as a part of the wider New Zealand economy
- ensuring the system can adapt more quickly to change, including changing technologies and changing patterns of demand
- addressing changing skill needs so that the skills gained in tertiary education link to employment opportunities in the labour market.

We need a tertiary education system that continues to have strong international credibility and delivers educational performance that compares with the best in the world.

Over the coming decades, the tertiary education system will need to:

Build international relationships that contribute to improved competitiveness

TEOs need a stronger connection to the world through academic and research links, cross-border education and business relationships. New Zealand needs to strategically extend these relationships to realise new opportunities, especially in emerging markets.

Support business and innovation through development of relevant skills and research

TEOs need to develop the skills and knowledge essential for innovation and business growth. New Zealand needs TEOs and industry to work together more closely, to enhance knowledge transfer and the relevance of the skills and knowledge developed.

Improve outcomes for all

A more prosperous society supports all individuals to achieve their aspirations. Tertiary education can promote prosperity by supporting a swift and sustained recovery from the global economic slowdown and from shocks such as the Christchurch earthquakes. New Zealand needs to ensure that more people, including more people from priority groups, have the transferable skills in demand as employment rises, and that will support them in all other areas of their lives.

Continue to improve the quality and relevance of tertiary education and research

Growing international competition for talent means that New Zealand needs higher quality, more relevant provision from TEOs that offers value for money and improved outcomes for the country.

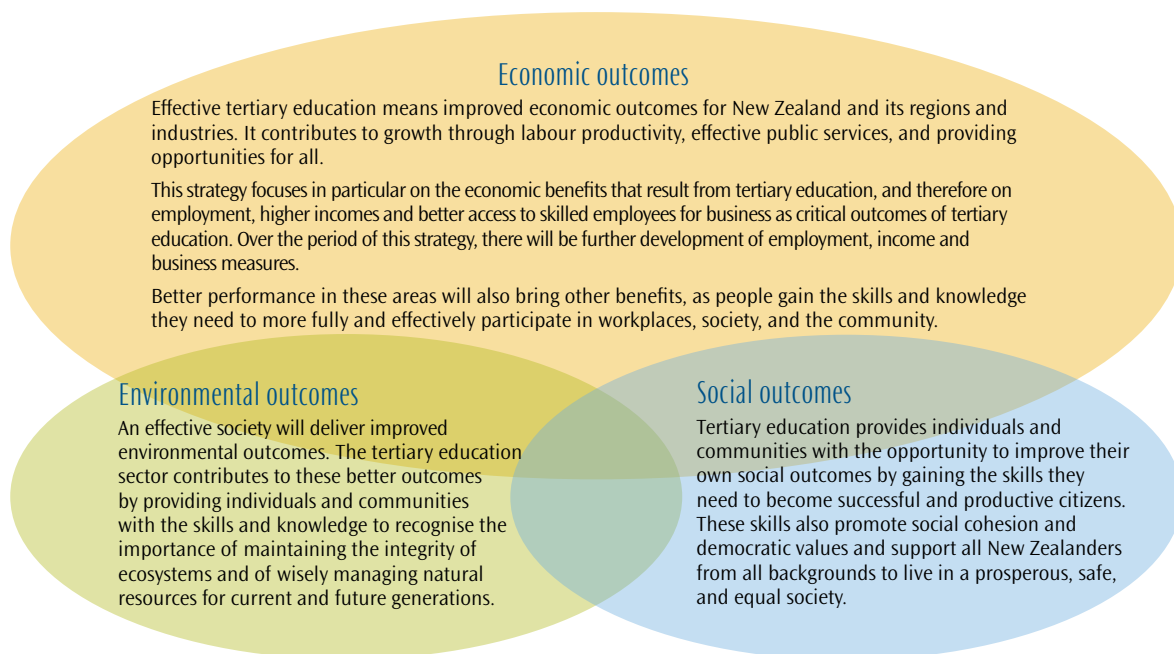
The priorities outlined in this strategy set out the changes needed to achieve this longer-term direction.

ACHIEVING FOR NZ REQUIRES A STRONG FOCUS ON OUTCOMES ...

This strategy signals a shift in focus for the Government. While we will continue to have high expectations of TEOs' performance in terms of outputs, efficiency and student achievement, a stronger focus on the outcomes of tertiary education is needed. This recognises that educational achievement does not stand alone, instead providing a stepping-stone assisting

communities and individuals to realise their full potential.

This Government has a strong focus on improving the economic outcomes from tertiary education and research. The improved economic outcomes for New Zealand will also support society to achieve broader benefits and individuals to develop as confident, creative, and culturally enriched good citizens.



... AND ON MĀORI EDUCATIONAL SUCCESS AND RELATED STRATEGIES

In recognising the role of Māori as tangata whenua and Crown partners under the Treaty of Waitangi, TEOs must enable Māori to achieve education success as Māori, including by protecting Māori language and culture, and to prepare for labour market success.

Tertiary education also contributes to Māori cultural outcomes – such as greater knowledge and use of Māori language and tikanga Māori, and development of mātauranga Māori. TEOs have a responsibility to contribute to the survival and wellbeing of Māori as a people.

The Ministry of Education's Māori education strategy *Ka Hikitia – Accelerating Success 2013-17*, and its Māori language in education strategy *Tau Mai Te Reo*, recognise the Crown's responsibilities to work collaboratively with iwi:

- to help improve Māori achievement, and recognise the economic benefits to individuals, groups, and society from improved levels of skills and education
- under the Treaty of Waitangi to support Māori aspirations, such as strengthened Māori language and mātauranga Māori research.

In addition, *He Kai Kei Aku Ringa* – the Māori Economic Development Strategy & Action Plan – highlights a need to improve economic outcomes for Māori and for New Zealand as a whole through stronger education and workforce connections.

A focus on Māori educational success is provided in Priority 3 of this strategy. Achieving this priority must be underpinned by TEOs working in partnership with Māori and iwi to support Māori language, tikanga Māori and mātauranga Māori, as set out later in this document (see *System Expectations*).



SIX STRATEGIC PRIORITIES

This document sets out six strategic priorities that will help to deliver what New Zealand needs from tertiary education. These priorities identify particular aspects of the tertiary education system that the Government expects to see focused improvement in over the term of this strategy.

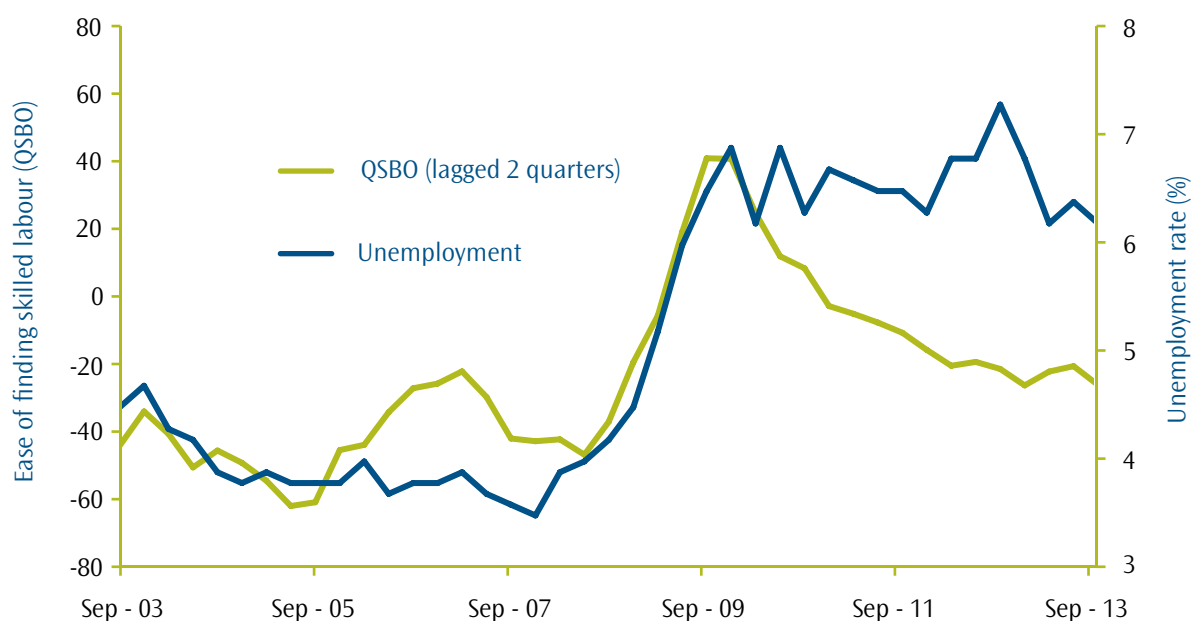
In selecting these six issues as the Government's strategic priorities, certain aspects of the system and groups of learners will be more represented than others. The Government expects that TEOs will continue to build on their existing good practice, and that policies and initiatives that are delivering results will continue to operate.



PRIORITY 1: DELIVERING SKILLS FOR INDUSTRY

A skilled labour force helps build and sustain economic growth. In any given year in New Zealand, about 250,000 new jobs are created, and a similar number cease. However, as we move out of the global financial crisis, employers are once again starting to find it difficult to attract people with an appropriate range of both specific and transferable skills. This is illustrated in the graph below:

Ease of Finding Skilled Labour – based on the Quarterly Survey of Business Opinion (QSBO)¹



¹ As published by the New Zealand Institute of Economic Research. The ease of finding skilled labour indicator (QSBO) provides a net rate by comparing the rate of firms finding it easier with the rate of firms finding it more difficult to find skilled labour. This indicator tracked closely with the unemployment rate indicator until 2009, from which time (despite a relatively high unemployment rate) employers have found it difficult to find skilled labour.

The challenge for the tertiary education system is to retain the recent increased focus on student achievement while doing more to help students and their families, and those in need of up-skilling or re-skilling, to make informed study choices. This will ensure that the training learners undertake, and the qualifications they complete, provide them with good career opportunities.

The Government has worked in recent years to improve the way tertiary education supports the labour market and students' study decisions. Publications such as *"Moving On Up"* and the *"Occupation Outlook Report"* have improved information about potential wages and employment opportunities from study, supporting students' choices. Career development benchmarks have been provided to TEOs to self-review and evaluate their own career programmes and services. New Vocational Pathways are being introduced to improve learners' ability to move through education and into jobs, and strengthen relationships between education and employers. The Government will also work to ensure that the way it funds tertiary education sends the correct messages to TEOs about investment in key disciplines and essential skills.

The priority is to ensure that the skills people develop in tertiary education are well matched to labour market needs. This includes addressing new and emerging shortages in specific areas, such as information and communications technology (ICT) and the science, technology, engineering and mathematics (STEM) skills needed for innovation and economic growth.

It also means ensuring tertiary education supports development of transferable skills. These skills include the ability to communicate well, process information effectively, think logically and critically and adapt to future changes. They are increasingly required in all workplaces. Obtaining and developing transferable skills is one of the most crucial outcomes of tertiary study, including within

generalist areas of study as well as vocation-specific qualifications.

Ultimately, a greater focus on attaining these transferable skills in tertiary education would benefit both graduates and employers, and improve employment outcomes.

We also need more explicit co-operation between industry and TEOs about the types of skills that are most needed, and how best to develop them. TEOs need to create opportunities for industry involvement in planning and delivering education, including re-skilling opportunities for the existing workforce, while industry will need to clearly identify its medium and long term needs, and attract and retain the talent it requires.

For example, the recovery from the Canterbury earthquakes requires strong co-ordination between TEOs and industries to overcome skill shortages. In addition, many iwi are taking a regional approach to working with industry and TEOs to improve employment outcomes for their whānau.

Good connections between industry and TEOs will also address shortages as they emerge, ensuring that the number of applied degree and sub-degree qualifications produced matches demand.

Finally, the tertiary education system can help improve New Zealand's health and workplace safety record by developing qualifications that incorporate new health and safety standards.

INDICATORS OF SUCCESS

Industry and TEOs invest time, money, and expertise in skills development to ensure that graduates gain both transferable skills and specific qualifications that are matched to labour market demand.

There are better employment outcomes for graduates.

Investments in education (by students, employers and Government) make use of good information about employment outcomes.

Employers in Canterbury access and retain skilled and qualified workers to support the rebuild.

PRIORITY 2: GETTING AT-RISK YOUNG PEOPLE INTO A CAREER

The global financial crisis has had a strong impact on young people's career prospects. Reduced employment opportunities and lower wages could have a lifelong impact on outcomes for some young New Zealanders. This risk is particularly severe for those without qualifications or work experience.

Tertiary education plays a central role in equipping young people with the key employability skills and qualifications they need to begin a career. This is one reason why the Government has introduced its *Better Public Services* targets of 85% of 18 year olds achieving NCEA level 2 or equivalent qualifications, and 55% of 25-34 year olds having level 4 qualifications, in 2017.

The Government has supported increased participation in tertiary education through providing better information to support young people's career choices, and through interventions like the Youth Guarantee. TEOs that delivered Youth Guarantee in 2010 and 2011 saw significant performance improvements from the learners in these programmes in 2012, including improved rates of course completion (from 63% in 2010 to 70% in 2012) and qualification completion (from 48% in 2010 to 64% in 2012). These rates reflected substantial gains in performance for Māori and Pasifika learners.

Wider improvements have included: students staying longer at school; more young people starting degree-level study (an increase from 24% of 18-19 year olds studying for bachelors degrees in 2009 to 26% in 2012); and a substantial decrease in the number of young people under 20 not in employment, education, or training.

However, we need to do more to reduce the number of young people not gaining the qualifications or work experience they need for a career. While the number of people aged 15-24 not in employment, education or training has decreased from 62,000 in 2010 (9.7% of this age group) to 55,000 in 2013 (8.6%

of this age group), a substantial number of young people are still at risk.² As nearly all of the decrease has been in the under 20 age group, a greater focus is needed to improve education and employment outcomes for 20-24 year olds.

Achieving this priority will require TEOs, schools, government, and industry to work together to ensure that young people have the appropriate access and incentives to gain relevant qualifications and core personal skills that will support them into sustainable employment.

This work needs to occur alongside ongoing efforts to improve the achievement and skills levels of all young people. While those not in employment, education or training are the focus of this priority, other young people working in low-wage, low-skilled jobs will also need tertiary education opportunities to achieve their career aspirations and lift their social and economic outcomes, as will those with particular barriers to participation, such as young people with disabilities.

This priority recognises the importance of effective transitions for all young people that extend beyond those supported by the Youth Guarantee. The government, TEOs, and schools need to work together to support at-risk young people into tertiary education, higher levels of study and on to employment.

INDICATORS OF SUCCESS

The number of young people not in employment, education or training reduces.

The *Better Public Services* targets are attained (in 2017, 85% of 18 year olds achieving NCEA level 2 or an equivalent qualification and 55% of 25-34 year olds having a qualification at level 4 or above) and there is continued improvement beyond 2017.

There are better pathways from unemployment and inactivity to tertiary education that result in improved employment outcomes.

2 These figures exclude caregivers not in employment, education or training.



PRIORITY 3: BOOSTING ACHIEVEMENT OF MĀORI AND PASIFIKA

Tertiary education provides learners with the skills to find work and more effectively participate in society and the community. This results in benefits for them, their families and New Zealand. To grow these benefits, we need to ensure that all individuals from all backgrounds have the opportunity to realise their talents through tertiary education.

This requires TEOs to recognise the diverse needs of their communities and have appropriate mechanisms for meeting these needs. For example, many TEOs have strong equity plans to promote the achievement of particular groups such as learners from low socio-economic backgrounds, people with disabilities, and refugee and migrant learners. Some

TEOs also have strategies to improve participation of groups in particular areas, such as women in trades and engineering. Government expects that activity of this kind will continue to be built upon so that all learners experience an inclusive tertiary education system that supports achievement and therefore improves outcomes from study.

In particular during the term of this strategy, the Government is seeking further strengthening of the tertiary education sector's focus on supporting improved achievement from two key groups: Māori and Pasifika learners. By 2030 30% of New Zealanders will be Māori or Pasifika, and as such it is essential that tertiary education improves its delivery to these groups.

Māori

The Government's responsibilities in relation to Māori as tangata whenua and partners to the Treaty of Waitangi are outlined elsewhere in this strategy. This priority's particular focus on Māori learner achievement complements these responsibilities.

Ka Hikitia – Accelerating Success 2013-2017 sets goals for Māori in tertiary education. *He Kai Kei Aku Ringa* – the Māori Economic Development Strategy & Action Plan – also calls for better connections from education to the workforce. The goals include Māori students participating and achieving at all levels on a par with other students in tertiary education, and Māori attaining the qualifications that enable them to participate and achieve at all levels of the workforce.

Māori have made huge gains in participation and achievement in tertiary education in recent years. At all ages, participation in higher level study has increased: 28% of Māori students were studying at bachelors level and above in 2012, up from 21% in 2007 (an increase from 17,500 to 21,900 students). And the rate at which Māori complete qualifications has also increased: of Māori who started full-time study at level 4 or above in 2007, 62% had completed a qualification within five years, compared with a rate of 53% for those who started in 2004.

Despite these gains, more progress is needed. Māori participation rates are still below average at higher levels: 16% of Māori under 25 participate in study at level 4 and above, compared to 23% of the total population. Completion rates, while increasing, remain below the total population: 62% of Māori completed a qualification at level 4 or above within five years after beginning full-time study in 2007, compared to 74% of the total population. The Government is working to improve this pattern of participation and achievement for Māori, to ensure Māori benefit from the higher wages that come with higher qualifications.

TEOs need to continue to improve their support and encouragement of Māori participation and

achievement. This includes providing high-quality information, support and advice to school students and their whānau about study choices, school to tertiary transitions and the benefits of moving on to higher education. It also means that TEOs need to use their resources and networks to work better with Māori students, their whānau, Māori groups, hapū and iwi to develop and share information about what works for Māori students in tertiary education.

Culturally responsive provision better engages Māori. This improves Māori achievement and also supports the wider development of Māori language and tikanga Māori. TEOs making a commitment to Māori learner success, focusing on increasing the number of Māori teaching staff within TEOs, improving culturally responsive teaching practices, and delivering programmes that are relevant to Māori and communities are some ways in which TEOs ensure their provision is culturally responsive.

At higher levels, TEOs' contribution to growing and developing mātauranga Māori will provide greater opportunities for Māori to achieve in research and development, building from their unique cultural strengths.

INDICATORS OF SUCCESS

There is an increase in rates of progression for Māori from study at levels 1 to 3 to higher levels.

There are increased rates of Māori enrolling in and completing qualifications at levels 4 and above.

There are better employment outcomes for Māori graduates (or, for lower level qualifications, progression to higher qualifications).

TEOs set and achieve appropriate performance targets for Māori learners.

TEOs set appropriate targets around increasing the numbers of Māori teaching staff in their organisations.

There are opportunities within TEOs for Māori to participate in study and research that will engage them as Māori within tertiary education.

Pasifika

The *Pasifika Education Plan 2013-2017* puts Pasifika learners, their parents, families and communities at the centre of the education system, where they can demand better outcomes. The *Pasifika Education Plan* sets a target of Pasifika students participating and achieving at all levels at least on a par with other students in tertiary education. This is part of achieving the Government's goal of creating the conditions for strong, vibrant and successful Pasifika communities that can help to build a more productive and competitive economy for all New Zealanders.

Pasifika are beginning to see real gains in tertiary education participation and achievement, but more progress is needed. Currently, the rate of Pasifika participation in tertiary education (11% in 2012) is slightly above that of the total population, but there is comparatively low participation at higher levels: the rate of under 25 year old Pasifika participating in study at level 4 and above has increased from 17% to 19% between 2009 and 2012, but remains below the 23% rate for the total population.

Across all levels, completion rates are improving although much more improvement is needed to achieve parity: of Pasifika students who started full-time study at level 4 or above in 2007, 58% had completed a qualification by 2012 (up from 54% for those who started in 2004), compared to 74% of the total population.

TEOs need to better support Pasifika students to move into tertiary education (including from school), progress to higher levels of study, and complete the qualifications that they start.

There is a regional dimension to the success of Pasifika students, with two thirds of Pasifika living in Auckland. However, all TEOs need to think about how they can best support Pasifika achievement, in line with the particular composition of their learner communities.

Better information and support for students, their families and communities is needed to lift participation and achievement levels, as are learning opportunities that help to engage Pasifika with their cultures. This can be supported by strong Pasifika representation within the tertiary teaching community. Ultimately, this learning should support successful economic, social, and cultural outcomes, including good employment outcomes.

Culturally responsive provision will ensure better engagement and greater success for Pasifika learners. Formally engaging Pasifika communities in tertiary education programmes can add a cultural dimension that will strengthen the commitment of Pasifika learners to their studies and their connection to their communities. The recent successfully evaluated Pasifika Trades Training initiative modelled a new approach to providing recruitment, pastoral care and mentoring support to learners through formalised partnerships with Pasifika church and community leaders. This and other models of engaging Pacific community buy-in should be explored and supported as alternatives to traditional practices.

INDICATORS OF SUCCESS

There is an increase in rates of progression for Pasifika from study at levels 1 to 3 to higher levels.

There are increased rates of Pasifika enrolling in and completing qualifications at levels 4 and above.

There are better employment outcomes for Pasifika graduates (or, for lower level qualifications, progression to higher qualifications).

TEOs set and achieve appropriate performance targets for Pasifika learners.

TEOs set appropriate targets around increasing the numbers of Pasifika teaching staff in their organisations.

TEOs offer learning and research opportunities that engage Pasifika learners as Pasifika within tertiary education.

TEOs engage Pasifika communities in the mentoring and pastoral care of Pasifika learners.

PRIORITY 4: IMPROVING ADULT LITERACY AND NUMERACY

As at 2012, an estimated 485,000 New Zealanders aged between 20 and 65 had no qualifications (including 310,000 who were currently in work). This is a decrease since 2010, when around 520,000 people had no qualifications (including 335,000 in work). Individuals without qualifications experience poorer economic and social outcomes, particularly during tough economic times.

Basic skills in literacy, language and numeracy are essential to participate fully in the modern world, and they are a priority across the education system. Without these skills, adults are limited in all aspects of their lives – including finding and keeping a job, raising their children, and following instructions (e.g. for the safe use of medicines, the preparation of food, or workplace health and safety).

An improvement in literacy and numeracy skills helps not only those seeking employment, but also those already in the workforce. These skills also help people to gain further qualifications and improve their career prospects which can lead to more productive, better paid and sustainable employment. In particular, the increasingly technology-based nature of jobs and the workforce will require individuals to have stronger basic skills, especially in literacy and numeracy. This is particularly important as workplaces become more dynamic and the need to up-skill is essential to sustainable careers.

To ensure that all New Zealanders gain these basic skills, the Government has focused in recent years on improving the targeting, uptake and quality of study at levels 1 and 2. There have been major reviews of foundation education and changes have included requiring that literacy, language and numeracy provision is embedded in all level 1 to 3 courses. A new Literacy and Numeracy for Adults Assessment Tool was introduced in 2010 to improve TEOs' ability to tailor teaching to the needs of students. In 2012, 101,000 learners were assessed

at least once using this tool, with 254,000 individual assessments carried out across reading, writing, vocabulary and numeracy.

Reflecting the different learning needs and approaches of adult learners, Government support for literacy and numeracy is provided in a variety of ways. Intensive literacy and numeracy funds target learners with particularly high needs. This also includes provision of English for Speakers of Other Languages (ESOL) courses as a significant part of our workforce is made up of many people for whom English is a second language. Workplace literacy and numeracy delivers targeted job-specific literacy and numeracy for employees in the workplace.

The tertiary education sector needs to continue to offer a diverse and flexible range of foundation skills programmes that reflect learners' different needs and abilities, and help support their achievement. This means:

- having shorter, quick options targeting job-specific literacy, language and numeracy gaps as well as longer, more extensive options for people with more substantial learning needs
- TEOs working with communities and employers to reach new learners, especially those in the workplace
- having supportive and flexible policy settings.

INDICATORS OF SUCCESS

More individuals across all age groups attain qualifications at level 2 or above.

Literacy, language and numeracy skills improve across all age groups.

There is more industry involvement with tertiary education to support the up-skilling of the existing labour force.



PRIORITY 5: STRENGTHENING RESEARCH-BASED INSTITUTIONS

Building tertiary education's contribution to economic growth requires us to have strong, internationally respected and competitive universities and other research-based institutions. Our TEOs need to deliver high-quality qualifications for students and attract and develop skilled staff to teach and contribute to growing a strong research base. Our research institutions need to collaborate more with each other to build expertise and skill as well as developing increasingly strong links with international research organisations.

Research covers a broad spectrum including academic and business-led research. Tertiary education research provides significant economic, social, cultural and environmental benefits. This includes helping us to better understand our unique culture and our place in the world, effectively manage our natural environment, and improve the health and wellbeing of New Zealanders.

Tertiary education supports commercial innovation by connecting the research, expertise of the sector, and skilled graduates with businesses and communities. For example: whilst universities conduct the bulk of research in the tertiary sector, research occurs in a variety of organisations, including wānanga, more applied research in institutes of technology and polytechnics, and

specialised research conducted in a small number of private training establishments. Applied research can provide significant benefits to businesses. Linking research more actively to the needs of industry plays an important part in creating an innovative and productive economy.

Over recent years, TEOs' research capacity has been supported by increased external funding for research. This funding has increased by ten per cent between 2008 and 2012 for TEOs participating in the Performance-Based Research Fund – from \$372 million to \$410 million – and includes funding from the business community.

Progress in improving the quality and quantity of research outputs needs to continue. The Government has increased its investment in the Performance-Based Research Fund, and is proposing changes to reduce compliance costs, encourage the development of the research workforce, and reward tertiary education organisations that attract research funding from industry, iwi and not-for-profit organizations.

The Government is reshaping science and innovation funding to focus more on business-led research and areas of priority. The ten National Science Challenges are collaborative programmes, to which tertiary education sector researchers are

expected to contribute significantly. Contestable research funding will continue to encourage and reward innovative, high quality, collaborative work by researchers in the tertiary education sector, the private sector and Crown Research Institutes.

To capitalise on these investments, we need to strengthen the relationship between high quality research and value created by New Zealanders. The Government expects TEOs to work more closely with industry to improve the relevance of research and achieve greater transfer of knowledge, ideas and expertise to industry and wider society. We want to increase the tertiary education system's impact on innovation occurring across the country, and hence lift economic growth.

As part of the Business Growth Agenda, the Government will create the right business environment and incentives to encourage the business sector to double its expenditure on research and development to more than one per cent of GDP. In turn, tertiary education can contribute to this goal by providing the appropriate skills and resources to make research and development investment more attainable and valuable for New Zealand businesses.

Strengthening research-based provision will require TEOs to work together and/or specialise in particular areas. There will also need to be closer collaboration between TEOs, with other research organisations, and with industry. This will harness the capability that exists across New Zealand and leverage international partnerships.

Some of the activities that will help to build research capability and the quality and reach of our research-based institutions will include:

- more internships and employer-linked postgraduate research
- more opportunities for staff from across TEOs and industry to share research activities, and

to learn from each other's experience and skills

- more opportunities for business to grow, through innovation, and increased private sector investment in research activity with commercial potential.

Leveraging these improvements will also require that TEOs invest in the right areas that will deliver value to New Zealand.

INDICATORS OF SUCCESS

TEOs, industry, and research organisations collaborate more to share expertise, transfer knowledge, and progress joint research programmes to deliver greater impact.

There is greater movement of staff between TEOs and their partners, more opportunity for students to learn and research with the TEOs' partners, and increased private funding for tertiary education research.

Research-based TEOs will make major contributions to achievement of the National Science Challenges, with measurable shifts in resources towards these priorities.

TEOs develop strategies and monitoring systems to measure their progress in contributing to innovative activity.



PRIORITY 6: GROWING INTERNATIONAL LINKAGES

International education provides an important opportunity to improve the value delivered by tertiary education. International education not only provides additional sources of income for New Zealand TEOs, but also stimulates international linkages with overseas counterparts. International education helps enhance teaching and research, share knowledge, build human capital, and realise other wider benefits to New Zealand's international relationships and trade.

As at 2012, the economic contribution from international education was valued at \$2.59 billion, making it the fifth largest export industry for New Zealand. International education accounts directly for 13,305 jobs and indirectly for up to 27,500 jobs. On average 11% of students at New Zealand TEOs are international students, with Private Training Establishments receiving government funding having a particularly high proportion (18% in 2012). Nearly 70% of this economic activity occurs within the tertiary education system: in 2012, direct fee revenue alone from international students at New Zealand's universities and polytechnics accounted for \$404 million, up from \$318 million in 2008.

International education helps to improve domestic teaching and learning so that New Zealand students can benefit from an internationally

competitive curriculum and access to high quality, internationally recognised teaching staff. It gives students a global context and enhances their understanding and respect for their own and other cultures.

International education also improves New Zealand's connections to the wider world, including through research and business links. It provides New Zealand with lifelong ambassadors, as graduates returning to their home countries share their good experiences with friends, family and colleagues. International education also helps to build a skilled workforce in New Zealand, as international students acquire in-demand skills through their education here and choose to remain and contribute to our economy.

In recent years, the Government has continued to support international PhD students to study at domestic rates in New Zealand, leading to rapid increase in international PhD enrolments – up from 704 in 2005 to 3,354 in 2012, an increase of 376%. The Christchurch rebuild has been supported by extending the work rights of Canterbury's English language students, to draw more students into the region. Additionally, in 2011, the Government established the Crown entity Education New Zealand to promote international education: Education New Zealand's funding was increased

by \$40 million over 4 years in Budget 2011 and a further \$40 million over four years in Budget 2013.

The Government's *Leadership Statement for International Education* sets out goals aimed at ensuring New Zealand's quality education services are highly sought after internationally and expand our international, social, cultural and economic engagement. This vision will support the Government's focus on shifting resources to the tradeable part of the economy so that New Zealand can earn its way in the world.

This focus will support the sector to double the total value of international education to \$5 billion by 2025, as set out in the Export Markets work stream of the Government's Business Growth Agenda. To help achieve these goals, Government expects TEOs to:

- develop and maintain mutually beneficial education and research relationships with key partner countries
- enhance their business growth strategies as the Government steps up its efforts to market and promote New Zealand as a competitive destination for international education
- provide a high quality educational experience for international students in New Zealand, including pastoral care
- increase the value of offshore provision of education products and services, in collaboration with others where appropriate
- deliver high quality and internationally recognised qualifications that meet the needs of international students.

TEOs working to achieve these goals will deliver stronger, long-lasting international relationships – with students, with researchers, and with overseas tertiary organisations. These relationships reinforce each other: TEOs build delivery partnerships and

research links with overseas institutions; domestic and off-shore student numbers increase; and, as we train smart people, the opportunities to attract them (and their peers) to live and work in New Zealand increases. This dynamic will help to ensure that our tertiary education system is internationally competitive and delivering the outcomes needed for New Zealand.

INDICATORS OF SUCCESS

TEOs increase the economic value of onshore enrolments at both undergraduate and postgraduate level.

TEOs increase the economic value derived from the provision of education products and services delivered offshore.

TEOs develop and maintain research and education delivery partnerships with overseas institutions that create enduring economic, social and cultural benefits, with a focus on identifying and developing opportunities for growing existing key markets and emerging markets.

There is increased movement of people and ideas between TEOs and overseas institutions, particularly those of our key trading partners in Asia, including through strong research connections, greater recruitment of international students, and more New Zealand students being supported to study abroad.



SYSTEM EXPECTATIONS

A FOCUS ON SYSTEM-WIDE PERFORMANCE IMPROVEMENT

In light of the challenges facing New Zealand and the tertiary sector, TEOs must continue to improve the value they deliver to students, businesses and the country.

In recent years, Government has sought to improve this value by introducing performance-linked funding and developing educational performance indicators for TEOs. These have supported performance improvements across the tertiary education sector, including gains in relation to each of the priorities identified for the previous Tertiary Education Strategy 2010-15. For example:

- New Zealand has more graduates completing tertiary education qualifications than ever before, including a 23% increase in the number of students completing bachelors degrees between 2010 and 2012
- there has been a steady increase in the number of students moving from school to degree-level study
- the proportion of 25 year olds who have completed a qualification at level four or above through the New Zealand tertiary system has increased from 40% in 2007 to 46% in 2012
- participation of Māori 18-19 year olds in bachelors degrees rose from 11% in 2009 to 13% in 2012, and for Pasifika, from 13% to 16%.

A focus on maintaining and improving system-wide performance must underpin all of our strategic priorities and operate across the whole tertiary education sector. Performance is driven by *how* teaching and research is delivered, *who* is taught, and *what* is taught and researched. New Zealand needs TEOs with strong regional, national and global reputations, producing sought-after graduates and knowledge.

Performance expectations have developed markedly over the past decade and the result has been ongoing improvements in performance and value for money. As this strategy outlines,

the Government continues to seek further improvements, focusing on:

- **access** – maintaining existing participation levels and improving them, particularly for some groups
- **achievement** – improving the rate of qualification attainment, the numbers of people progressing to further study, and the quality of provision by TEOs
- **outcomes** – ensuring that more people benefit from tertiary education and improve their economic, social and cultural outcomes.

System-wide performance improvement will require New Zealand's tertiary education system to work together to improve outcomes for students and for New Zealand.

ALL PARTS OF THE SYSTEM MUST SUPPORT MĀORI LANGUAGE, TIKANGA MĀORI AND MĀTAURANGA MĀORI

Education in and through Māori language, tikanga Māori and mātauranga Māori is an important part of New Zealand's tertiary education system. This recognises the important role of Māori as tangata whenua, and the Government's responsibilities under the Treaty of Waitangi.

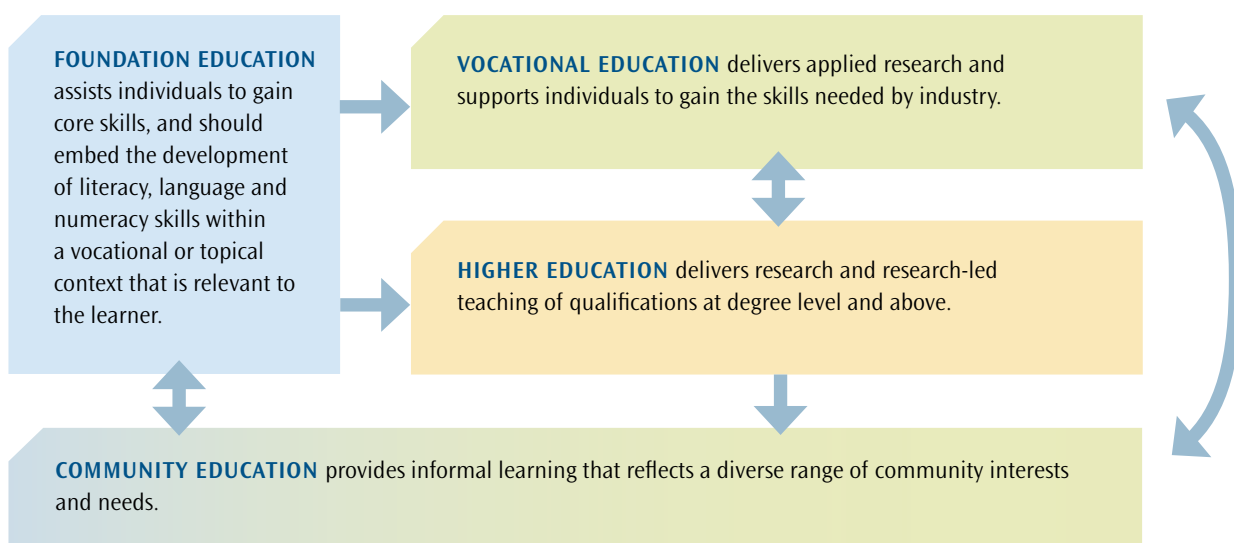
Tertiary education in these areas, particularly in wānanga, plays an important role not only in improving individual achievement of Māori (Priority 3), but also in helping to sustain and revitalise Māori language, and progress mātauranga Māori research. This helps to sustain Māori culture and delivers economic value to New Zealand.

TEOs will be contributing to the achievement of this strategy when they work in partnership with Māori and iwi to:

- provide culturally relevant teaching and learning
- contribute to the growth of mātauranga Māori research.

DELIVERING THE STRATEGY

The New Zealand tertiary education system is made up of a wide variety of TEOs contributing to the delivery of tertiary education at all levels. This system will be most effective when all parts are working well and there are strong relationships across and between TEOs, and with the broader education system.



THE ROLE OF GOVERNMENT AGENCIES

The Education Act 1989 and Crown Entities Act 2004 together require the Tertiary Education Commission (TEC), the New Zealand Qualifications Authority (NZQA) and Careers New Zealand to give effect to the Tertiary Education Strategy when exercising their functions. Education New Zealand is also required to give effect to the Government's policy on international education.

The Strategy sets out a framework for funding agreements with tertiary education organisations, and helps guide TEC's funding decisions. The Ministry of Education (as the Government's principal policy advisor on tertiary education) and the Ministry of Business, Innovation and Employment will advise on policy changes required to deliver the strategy and monitor the agencies responsible for implementing the Strategy.

Each government agency will ensure that it performs its role in ways that support TEOs and the sector to deliver the outcomes sought in this strategy. Agencies will continue to maintain high quality standards and a focus on performance and value for money. They will work to improve speed and flexibility in resolving issues and problems reported by stakeholders as barriers to achieving Government's priorities for tertiary education.

For example:

- NZQA will ensure quality assurance is effective and efficient
- TEC will use this strategy to set performance expectations for the sector, and to shape its investment in TEOs in a way that reflects the strategy's priorities, shifting funding over time



to those TEOs that demonstrate they can make the best contribution to the outcomes sought by the Government

- Careers New Zealand will lead the sector in providing relevant and useful information to support prospective students' decision-making
- Education New Zealand will assist TEOs to recruit international students and deliver education products and services offshore through authoritative information, advice and services
- the Ministry of Business, Innovation and Employment will develop ways to better identify skill shortages and future skills demand, and will set science and research priorities that are increasingly focused on economic outcomes
- the Ministry of Education will ensure that tertiary education system settings support TEOs and the broader tertiary sector to achieve the outcomes sought by Government.

Agencies are expected to work together to better align their systems, processes and requirements so that the operational work of government agencies does not run counter to the goals of the Strategy.

All government agencies contributing to the outcomes of this strategy will develop performance measures, including in relation to quality and timeliness, and report on these through their existing accountability mechanisms. These performance measures will be further developed and reported against when monitoring the progress of this strategy.

THE ROLES OF TERTIARY EDUCATION ORGANISATIONS

All TEOs across the sector have a role in delivering on this strategy, and will need to consider how they can best contribute to the achievement of each of the priorities identified. This contribution will be informed by the expected characteristics of institutions as identified in section 162 of the Education Act 1989 and the needs of the communities they serve.

THE ROLES OF OTHERS INVOLVED IN TERTIARY EDUCATION

This strategy also relies on the actions of others with a role in tertiary education – for example, industry, iwi, families, and students themselves.

The priorities outlined in this strategy set higher expectations for industry's engagement with TEOs. The Government wants TEOs to recognise and respond to the demands of a growing economy, and industry to take an active role in working with TEOs. This will require commitments from industry, business, and individual employers.

The Government also expects students to take responsibility for their own performance. This includes choosing courses carefully, working closely with TEOs to ensure they achieve to the best of their ability, and making the most of their learning environment and opportunities. The Government will support students to achieve good outcomes from tertiary education by providing financial assistance and the level of information needed to allow students to make good decisions about what and where to study.



SUPPORTING STUDENT ACHIEVEMENT

The most important role played by all parts of the tertiary education system – including government, TEOs, industry, and iwi – is to achieve the best results for all learners. Everyone in the sector should be guided in their decision-making by what will deliver the best possible outcomes for students.

This means working together to respond to need and provide high-quality learning opportunities that support people to achieve their aspirations. It means working with communities, family, and whanau to support participation and achievement. It means developing clear and relevant pathways through education and making the right information available at the right time to support students' decision-making.

If everyone in the sector – teachers, teaching institutions, government agencies, industry and iwi – approaches their work with a focus on achieving the best results they can for students, they will make the right decisions. Our tertiary education system will then achieve its objective of providing all New Zealanders, from all backgrounds, with the opportunity to realise their potential to succeed in their chosen careers and in other areas of their lives.



NOTES

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